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Pay application and lien waiver checklist

What to check before you release a construction payment in Texas.

Most overpayments and surprise liens start with a pay application nobody checked line by line. Use this before every payment.

Before the first payment

- [ ] Signed contract with a schedule of values that adds up to the contract sum
- [ ] Certificates of insurance on file, naming you as additional insured where the contract requires it
- [ ] A list of every subcontractor and supplier on the job, and any lien notices you have received
- [ ] Retainage terms written into the contract
- [ ] Payment and performance bond on file, if the contract requires one
- [ ] Your lender's draw process and inspector, if there is a construction loan

Every pay application

- [ ] Percent complete on each line matches what you or your representative saw on site
- [ ] Stored materials are invoiced, insured and stored where the contract allows
- [ ] Only signed change orders are included
- [ ] Previous payments match what you actually paid
- [ ] Retainage is withheld on every line
- [ ] The math works: line totals, retainage and amount due
- [ ] Conditional lien waivers for this payment from the contractor and from every sub or supplier who sent you a notice
- [ ] Unconditional lien waivers for last month's payment, matching the amounts actually paid
- [ ] Lender inspector or title company sign-off, if there is a construction loan

Change orders

- [ ] Written, priced and signed before the work is billed
- [ ] Schedule impact stated, even when it is zero days
- [ ] Not already covered by an allowance, contingency or the original scope

Lien waivers in Texas

- [ ] Use the statutory waiver and release forms set out in the Texas Property Code (conditional and unconditional, progress and final)
- [ ] Conditional waiver before you pay; unconditional waiver once the funds have cleared
- [ ] Amounts and dates on each waiver match the payment
- [ ] A waiver from everyone who sent you a notice, not only the general contractor

Retainage and final payment

- [ ] Statutory retainage held as required (Texas generally requires owners to retain 10% until 30 days after completion)
- [ ] Certificate of occupancy and final inspections in hand
- [ ] Punch list complete
- [ ] Warranties, as-builts and operation manuals delivered
- [ ] Final unconditional waivers from the contractor and everyone who sent notice
- [ ] Final cost reconciliation: contract sum, change orders, allowances and credits

Red flags

- Front-loaded early lines (mobilization or general conditions billed far ahead of the work)
- Percent complete that jumps without matching progress on site
- Missing or late waivers from one trade, month after month
- A sub or supplier calling you directly about payment

> General information, not legal advice. Texas lien and retainage rules have specific forms and deadlines; confirm the current requirements with your attorney.

ODG checks every pay application and lien waiver before you pay.

Book a 20-minute call at **onbranddevgroup.com**